

## Message Text

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PAGE 01 STATE 074713

ORIGIN NEA-10

INFO OCT-01 ISO-00 EB-08 COME-00 L-03 FTC-01 OPIC-03  
OMB-01 TRSE-00 CIAE-00 INR-10 NSAE-00 SP-02 AID-05  
XMB-02 FRB-03 SS-15 NSCE-00 SSO-00 INRE-00 CAB-02  
DODE-00 DOTE-00 FAA-00 /066 R

DRAFTED BY NEA/IAI:JNMCBRIDE:RL

APPROVED BY NEA/IAI:NAVELIOTES

EB/ITP/OT/TA - H. KOPP

-----095520 230204Z /64

O 230124Z MAR 78

FM SECSTATE WASHDC

TO AMEMBASSY TEL AVIV IMMEDIATE

INFO AMCONSUL JERUSALEM IMMEDIATE

C O N F I D E N T I A L STATE 074713

PASS TO CHARGE AND ECONOMIC COUNSELOR OPENING OF BUSINESS

E.O. 11652: GDS

TAGS:ETRD, EAIR, IS

SUBJECT: POSSIBLE DISCRIMINATION AGAINST U.S. AIRCRAFT MAN-  
UFACTURERS.

1. LOCKHEED INTERNATIONAL SALES DIRECTOR GEORGE LOMBARD  
CALLED DEPARTMENT TODAY IN CONCERN OVER REPORTS FROM MULTI-  
PLE SOURCES THAT EL AL IS GOING TO SIGN A LETTER OF INTENT  
MARCH 23 TO PURCHASE TWO AIRBUSSES FROM FRANCE. BOEING  
AND DOUGLAS ARE ALSO REPORTEDLY BIDDING ON THE CONTRACT,  
ALONG WITH LOCKHEED. LOMBARD WANTS TO KNOW IF THERE IS  
ANYTHING WE CAN DO TO PROTECT RIGHTS OF U.S. FIRMS TO BID  
IN FAIR COMPETITION FOR CONTRACT.

2. REPORTEDLY GENERAL HAAD, PRESIDENT OF EL AL, HAD SAID  
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PAGE 02 STATE 074713

THAT NOTHING WOULD BE DONE UNTIL APRIL 1 WHEN LOCKHEED AND  
PRESUMABLY OTHER U.S. BIDDERS WOULD HAVE A CHANCE TO GET  
BACK TO ISRAEL WITH FIRMED-UP BIDS. HOWEVER, LOCKHEED RE-  
PORTS FROM VARIETY OF SOURCES, INCLUDING LOWER ECHELON  
TYPES WITHIN EL AL ITSELF, SPECIAL MEETING OF EL AL BOARD  
MARCH 23 EXPECTED TO RATIFY EXECUTIVE COMMITTEE RECOMMENDA-  
TION TO SIGN LETTERS OF INTENT WHICH, ALTHOUGH NOT COMPLETE-

LY BINDING, WOULD CARRY A DOLS 100,000 TOTAL PENALTY IF CONTRACTS ARE NOT SIGNED.

3. LOCKHEED REPORTS THAT THIS CONTRACT COULD HAVE SIGNIFICANT IMPLICATIONS FOR AMERICAN AIRCRAFT INDUSTRY INASMUCH AS THE POTENTIAL SALES WITHIN THE 1982-83 TIME FRAME IS UP TO 10 AIRPLANES AND PRESUMABLY AIRBUS SALE AT FIRST TRANCHE WOULD GIVE THEM COMPETATIVE EDGE ON SUCCESSIVE BUYS.

4. LOCKHEED ASSUMES THAT THERE MUST BE SOME COVERT FRENCH INDUCEMENTS BEING DANGLED SINCE EL AL HAD TOLD THEM THAT THE TWO MOST IMPORTANT FACTORS WOULD BE EARLIEST POSSIBLE DELIVERY DATE AND TRANSATLANTIC CAPABILITY. IN CONTRAST WITH AIRBUS WHICH HAS NO TRANSATLANTIC CAPABILITY, THE L-1011-1 (CONVERTIBLE TO -100) CAN MEET THIS NEED. MOREOVER, WHILE FRENCH PLANES NOT ANTICIPATED FOR DELIVERY UNTIL 1979, LOCKHEED PLANES WOULD BE AVAILABLE FOR IMMEDIATE DELIVERY. ADDITIONALLY, LOCKHEED ONLY STUMBLED ON TO THE SALE OPPORTUNITY THREE WEEKS AGO WHEN GENERAL HAAD SUGGESTED THEY MIGHT WANT TO BID SINCE EL AL WAS QUITE CLOSE TO MAKING A FINAL DECISION ON WIDE-BODIED AIRCRAFT. SUBSEQUENTLY AIRBUS REPRESENTATIVES REPORTEDLY CLAIMED THEY HAD THE CONTRACT ALL SEWED UP A WEEK AGO. LOCKHEED SMELLS A PHONY COMPETITION SINCE EL AL DOES NOT YET HAVE ALL THE DATA NECESSARY TO MAKE A TRUE COST-EFFECTIVENESS

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PAGE 03 STATE 074713

COMPARISON AND NOW DOES NOT APPEAR READY TO WAIT UNTIL APRIL 1 AS PROMISED SO IT CAN BE PROVIDED.

5. ISRAELI EMBASSY PROFESSED TO HAVE NO KNOWLEDGE OF SIGNING LETTER OF OFFER ON AIRBUS AND UNDERTOOK TO INQUIRE URGENTLY AS TO THE FACTS. DEPARTMENT NOT IN POSITION TO EVALUATE LOCKHEED INFO ONE WAY OR THE OTHER.

6. ACTION REQUESTED: AMBASSADOR LEWIS SUGGESTS CHARGE OR ECONOMIC COUNSELOR HART CONSIDER TAKING THIS MATTER UP EARLY IN THE MORNING WITH APPROPRIATE ISRAELI AUTHORITIES (POSSIBLY HAAD OR BENARI) WITH A VIEW TO FINDING OUT WHAT IS REALLY HAPPENING, IF ANYTHING, AND EXPRESSING OUR CONCERN THAT AMERICAN FIRMS RECEIVE FAIR CONSIDERATION ON THE BASIS OF COST COMPETITIVENESS AND OTHER STANDARD COMMERCIAL CONSIDERATIONS. VANCE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DISCRIMINATION, AIRCRAFT, BUSINESS FIRMS, PROPOSALS (BID), CONTRACTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 23 mar 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978STATE074713  
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**Document Unique ID:** 00  
**Drafter:** JNMCBRIDE:RL  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
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**Status:** NATIVE  
**Subject:** POSSIBLE DISCRIMINATION AGAINST U.S. AIRCRAFT MAN- UFACTURERS.  
**TAGS:** ETRD, EAIR, IS, LOCKHEED  
**To:** TEL AVIV  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014